

Exhibit 1

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
-----x

3 HERMÈS INTERNATIONAL, et al.,
4 Plaintiffs,

5 v. 22 Civ. 384 (JSR)

6 MASON ROTHSCHILD,
7 Defendant. Trial

8 -----x
9 New York, N.Y.
February 6, 2023
10 9:30 a.m.

11 Before:

12 HON. JED S. RAKOFF,

13 District Judge
-and a Jury-

14
15 APPEARANCES

16 BAKER & HOSTETLER LLP
Attorneys for Plaintiffs
17 BY: DEBORAH A. WILCOX
OREN J. WARSHAVSKY
18 GERALD J. FERGUSON

19 HARRIS ST. LAURENT & WECHSLER LLP
Attorneys for Defendant
20 BY: ADAM B. OPPENHEIM
JONATHAN A. HARRIS

21 LEX LUMINA PLLC
Attorneys for Defendant
22 BY: RHETT O. MILLSAPS, II
23 CHRISTOPHER SPRIGMAN
24
25

1 It is the use of the Birkin name and a slogan as part
2 of MetaBirkins of course, and that the actual designs of the
3 digital images copy the trade dress, those are the key
4 elements. The fact that there was a disclaimer that mentioned
5 Hermès the company that puts out these products three times was
6 also very relevant to Dr. Isaacson. He grouped all of those
7 things together because that is what the real world is.

8 The survey is meant to capture as much of the real
9 world as the purchaser sees things as possible. So that's what
10 he did.

11 THE COURT: So my view is this: First, whatever may
12 have been said in the complaint throughout this case, it's been
13 the plaintiff's consistent position and the Court's
14 understanding that the mark that was being infringed allegedly
15 was the Birkin mark, as my instructions indicate, and that the
16 reference to Hermès was part of the overall picture, but was
17 not a separate claim.

18 So I don't see the basis at this very late stage for a
19 supplemental report from Dr. Neal. I do think that for what
20 was just represented by defense counsel about what's in his
21 original report that he still then can make the argument that
22 different things are being globbed together and that that makes
23 the survey less useful, less valuable than it might otherwise
24 be or whatever he wants to conclude in that regard.

25 Someone should go tell Dr. Neal, since he's going to

1 be on the stand in ten minutes, that that's how we're going to
2 handle it.

3 Now, the other issue that I wanted to be sure to
4 reach, because we will be going into summations after
5 Dr. Neal's testimony, is Instruction No. 14, particularly the
6 third paragraph of it.

7 I spent a good deal of the weekend reflecting on the
8 various excellent arguments I have received from both sides at
9 the charging conference, and the instructions that I sent you
10 over the weekend reflect my rulings.

11 I will note one thing for the record, since it was one
12 of the issues that I was uncertain about, in the end I have put
13 the instructions regarding the three claims first, before the
14 instruction on First Amendment protection for several reasons.

15 One is I think that's the more logical way for the
16 jury to proceed. If there's no infringement they don't reach
17 the First Amendment question.

18 Secondly, as we all know, the Supreme Court has taken
19 cert. in the *Jack Daniels* case, so it's possible the *Rogers*
20 test may not survive, though I personally hope it does. In
21 that case, if they found infringement, but found that it was
22 barred by the First Amendment defense, the Court could then
23 reinstate the infringement conclusion without having to go
24 through a whole new trial. We might still have to have a trial
25 of damages, but that would be a much more abbreviated matter.

1 But I did add to Instruction No. 9, where I am describing the
2 basic claims, a sentence to flag the First Amendment defense
3 was coming. I think that was a fair resolution of the
4 competing arguments.

5 Now, the more I thought about the *Rogers* test and the
6 various cases not just in the Second Circuit but elsewhere that
7 have elaborated and expanded the *Rogers* test over the weekend,
8 the more I thought that on the facts of this case the real
9 question is the defendant's intent.

10 Because while both *Rogers* and the related cases speak
11 in, frankly, less than clear terms like "explicitly misleading"
12 or "artistically relevant" and the like, the real question
13 here, so far as the defense is concerned, is did Mr. Rothschild
14 intend to mislead? In which case, of course, he has no First
15 Amendment protection, any more than a con man has First
16 Amendment protection from telling lies to the public to make
17 money. Or did he not intend to mislead, in which case I think
18 there can be no question that there was at least some artistic
19 aspect to what he was offering.

20 As indicated in the instruction by his covering the
21 Birkin bags with fur, he says he covered it with fur to show
22 how ridiculous the consumer interest in Birkin bags was and the
23 plaintiff says, no, it was just part of his whole way to try to
24 sneak in as he sought to dupe the public.

25 They would be fair arguments to the jury, but that all

1 goes to his intent. That's why I said I think the focus is
2 really on intent.

3 So I try to capture that, but I have added some
4 additional words since I sent this to you on Saturday to the
5 third paragraph of Instruction No. 14. Everything else will
6 remain exactly as it is, and all objections thereto are
7 preserved.

8 But here is now what I have for 14:

9 "It is undisputed that the MetaBirkins NFTs, including
10 the associated images, are in at least some respects works of
11 artistic expression, such as, for example, the addition of the
12 total fur covering on the Birkin bag images. Given that,
13 Mr. Rothschild is protected from liability on any of Hermès'
14 claims unless Hermès proves by a preponderance of the evidence
15 that Mr. Rothschild's use of the Birkin mark was not just
16 likely to confuse potential consumers, but was intentionally
17 designed to mislead potential consumers into believing that
18 Hermès was associated with Mr. Rothschild's MetaBirkin
19 projects. In other words, if Hermès proves that Mr. Rothschild
20 actually intended to confuse potential customers, he has waived
21 any First Amendment protection."

22 I think, as will be obvious, that doesn't use some of
23 the buzzwords from *Rogers* and related cases, but I think the
24 whole *Rogers* issue in this case turns on his intent.

25 So let me hear any comments on the new version of

1 paragraph 3 first from plaintiff's counsel and then from
2 defense counsel. Again gem thank you, your Honor.

3 MS. WILCOX: Thank you, your Honor.

4 Thank you for that careful consideration and revised
5 text, which we agree that the intent is key in this case. We
6 were trying to come up with our own way of bringing it back in
7 and following your summary judgment discussion of the Second
8 Circuit law. So I think that is a good rewrite with respect to
9 that second prong.

10 We still have concern that the first prong seems to
11 have disappeared.

12 THE COURT: I think the first prong, the defense has
13 shown and made enough that no reasonable juror could conclude
14 that there wasn't any artistic expression in Mr. Rothschild's
15 stuff. That's why I didn't charge the first prong.

16 MS. WILCOX: We might make a note of an objection
17 then.

18 THE COURT: Yes. I assume you would object to that,
19 so objection duly noted.

20 Let me hear from defense counsel.

21 MS. WILCOX: If you wouldn't mind.

22 THE COURT: Sorry. Go ahead.

23 MS. WILCOX: I am also considering whether this
24 revision deals with another issue that we were thinking about,
25 where the dilution cause of action has no requirement of

misleading conduct, but it does relate to an intent to associate versus the intent to cause confusion. I think you might have addressed that with this.

THE COURT: I use the word "associated" in the new version, yes.

MS. WILCOX: Okay. Thank you.

MR. SPRIGMAN: Your Honor, just in response to that last quickly. Yes, the dilution cause of action does require an intent to associate, but in addition, it requires harm to the mark. It requires an impairment of the mark's distinctiveness. So we think that your instructions as they stand make that clear to the jury, or at least clear enough. These are lay people, and this is complicated.

But back to the instruction itself, we here at this table believe that the instruction gives the jury words they can use to actually apply the principle, and we are satisfied with it.

That said, Judge, we do remain, we have remaining arguments on the JMOL and in particular something that I think is central to the relationship between *Rogers* and this case that I would just like at some point to get to.

THE COURT: If we had had more time right now, I was going to hear the further argument on the Rule 50 motions, but as I promise you, you will have that opportunity before I rule.

MR. SPRIGMAN: Thank you, your Honor.

1 Q. Did you prepare some slides for your presentation today?

2 A. I did.

3 MR. MILLSAPS: Ashley, would you please put up the
4 first slide here.

5 BY MR. MILLSAPS:

6 Q. Dr. Neal, could you explain your methodology for evaluating
7 Dr. Isaacson's surveys?

8 A. Certainly. This is pretty similar to the process you go
9 through in any scientific technical review of someone else's
10 work. You begin by very carefully going through the
11 questionnaires themselves kind of line by line looking for any
12 biases or ambiguous language or any design flaws.

13 The second thing you do is you actually go into the
14 raw data. So basically every single person's answer to every
15 single question, you look at that, and you reanalyze the data
16 to see if the person who analyzed it initially, so
17 Dr. Isaacson, did it correctly.

18 And then the final thing is you write up whatever you
19 find in a formal report.

20 MR. MILLSAPS: And Ashley could we go to the next
21 slide.

22 BY MR. MILLSAPS:

23 Q. At a high level, Dr. Neal, how would you summarize your
24 conclusions about Dr. Isaacson's surveys.

25 A. Sure. Perhaps the most important one thing is that NFT

1 purchaser survey, where Dr. Isaacson told you that he found
2 evidence of confusion, that people would think the MetaBirkins
3 NFT is in -- that Hermès is involved in that NFT somehow, in
4 that survey, Dr. Isaacson misclassified a large number of
5 respondents as confused who actually were not confused.

6 I was able to fix that error, and I'll walk you
7 through how I did it. Once you correct for that mistake, you
8 get 9.3 percent confusion, not the 18.7 percent number that he
9 reported.

10 Q. And, Dr. Neal, why would it matter if confusion dropped
11 from what Dr. Isaacson reported, which was 18.7 percent, down
12 to 9.3 percent?

13 A. Right. So it seems like a small drop, right? Just from
14 18.7 down to 9. It is actually hugely consequential because
15 survey experts typically use a threshold of around 15 percent
16 as the minimum for deciding that there is a likelihood of
17 confusion, right?

18 So when Dr. Isaacson had a number like 18.7 percent,
19 he was just a little bit above that minimum number. But when I
20 reanalyzed his data, his real number is 9.3, which falls well
21 below that typical minimum threshold for determining that
22 there's some confusion.

23 So when you get a number like that, like 9.3, the
24 proper conclusion is that there is no confusion. Because it
25 doesn't have to be zero; it just has to be so small that it is

1 considered immaterial. And 15 is that typical magic number, if
2 you like, for reaching that determination.

3 MR. MILLSAPS: Ashley, would you go to the next.

4 BY MR. MILLSAPS:

5 Q. Dr. Neal, were there other flaws in Dr. Isaacson's survey?

6 A. Yes. There were a couple of other flaws that -- like buyer
7 survey language, and I will talk you through that.

8 I wasn't able to fix those flaws by reanalyzing the
9 data, but I know that they pushed the confusion numbers up in
10 an artificial way, so I would say even that 9.3 percent number
11 is a bit high and the real number is no doubt a little bit
12 lower than that.

13 Q. And, Dr. Neal, were you aware that Dr. Isaacson conducted a
14 survey as well among handbag purchasers?

15 A. Yes. So those first three conclusions are all about that
16 NFT purchaser survey, so people out there interested in buying
17 NFTs.

18 He also did a survey of people who spend a lot of
19 money on handbags, \$10,000 or more. In that survey, he found
20 no confusion whatsoever. Inexplicably, it doesn't really show
21 up in his report, I think it's important for us to look at that
22 survey as well.

23 Being a good scientist means you look at all of the
24 data from all of the studies you run, and that second survey of
25 handbag purchasers tells us very clearly that likely purchasers

1 it up to 18.7 percent.

2 MR. MILLSAPS: Ashley, if we could go to the next
3 slide.

4 BY MR. MILLSAPS:

5 Q. Did you recode the data in a proper fashion?

6 A. I did. It is a little bit hard to see on this screen, but
7 basically what I did was I went through and found every single
8 person that Dr. Isaacson said was confused. Then I looked at
9 their Q4 responses to see whether they really were confused or
10 not, right? Did they identify Hermès or Birkin and then
11 successfully go on to identify some good put out by Hermès?

12 And the answer is that some do, but a whole bunch
13 don't, right? So all the ones in green are people who
14 successfully passed the playback test. And the ones in red,
15 those are the people he misclassified as confused who actually
16 are not.

17 MR. MILLSAPS: Can we go to the next -- oh.

18 BY MR. MILLSAPS:

19 Q. After accurately coding the data, what was your finding
20 again, Dr. Neal and what is the significance of that?

21 MS. WILCOX: Objection.

22 THE COURT: Well, it is a compound question. Break it
23 down.

24 MR. MILLSAPS: Okay.

25 Yes, I will do that, your Honor.

1 Thank you.

2 BY MR. MILLSAPS:

3 Q. Dr. Isaacson, could you just tell us what the implications
4 of this first flaw were.

5 A. Okay. So the main implication is that when Dr. Isaacson
6 said he got 18.7 percent confusion, he was wrong. He actually
7 got 9.3 percent confusion. That's the first takeaway.

8 Q. And what is the significance of that number, Dr. Neal,
9 again?

10 A. As I said before, the kind of magic number, the minimum
11 threshold that most experts cite to, is 15 percent. So it's
12 only if you get 15 percent or above that you can reach a
13 conclusion that confusion exists.

14 THE COURT: Just so we're clear, that's not a rule
15 that's set by law. It's just set by the convention among
16 people who do these kinds of surveys, yes?

17 THE WITNESS: Yes, sir.

18 That's right.

19 THE COURT: Very good.

20 Go ahead.

21 MR. MILLSAPS: Can we go to the next slide Ashley.

22 BY MR. MILLSAPS:

23 Q. Dr. Neal, you mentioned that there was also a second flaw
24 in the NFT purchaser survey.

25 Could you explain what that flaw is.

1 Thank you.

2 BY MR. MILLSAPS:

3 Q. Dr. Isaacson, you mentioned -- or, Dr. Neal, you mentioned
4 Dr. Isaacson's handbag purchaser survey.

5 Could you just, again, explain what you did to analyze
6 the results of that survey.

7 A. Certainly. So, as I mentioned, Dr. Isaacson ran this
8 survey, but he didn't properly write up the results in his
9 report. He did have all the information there hidden in kind
10 of exhibits, and I could go in and calculate the confusion
11 number from this second survey, right?

12 Just as a reminder, this is the survey of the people
13 spending \$10,000 or more on handbags, right? So that would
14 include likely customers of Hermès goods.

15 The design was basically the same as the first survey.
16 What he found, there was a confusion level of 3.6 percent. So
17 incredibly low, way below that 15 percent threshold.

18 What do we take away from this? This very clearly
19 shows that Hermès customers are not at all likely to be
20 confused and think that Hermès is behind Mr. Rothschild's
21 MetaBirkins NFT.

22 Q. Dr. Neal, in your opinion, was it proper for Dr. Isaacson
23 to ignore the results of his survey in reporting his opinions
24 about confusion over MetaBirkins?

25 A. No, it wasn't, because the proper scientific method means

1 if you design two studies, you had a good reason to design two
2 studies, and you present the results from the two studies
3 regardless of whether they help you or hurt you. That's the
4 neutral scientific way of doing things.

5 And I didn't find Dr. Isaacson's explanation for, you
6 know, running the study, getting, frankly, a bad result for
7 Hermès and then claiming the study was irrelevant, I did not
8 find that scientifically sound reasoning.

9 Q. Thank you, Dr. Neal. I just have a few more questions. We
10 have just gone through a lot of information. In closing I
11 would just like to ask you a hypothetical.

12 Let's say that Dr. Isaacson's survey was flawless,
13 there were no flaws, and you agreed with his 18.7 percent
14 conclusion. How would you characterize a finding of 18.7
15 percent confusion?

16 A. If it was a properly designed study, which you know I
17 believe this is not, a finding of 18.7 would suggest some level
18 of confusion, but it's barely above the minimum level. It's
19 less than 4 percentage points above the minimum.

20 Q. Have you found in your own confusion surveys results higher
21 than 18.7 percent?

22 A. Yes, many times.

23 Q. Have you found results higher than 25 percent?

24 A. Yes, many times.

25 Q. Have you found results higher than 35 percent confusion?

1 A. Yes, I have.

2 Q. So would it be accurate to describe Dr. Isaacson's
3 purported finding of 18.7 percent confusion as meaning that
4 there's substantial likelihood of confusion?

5 THE COURT: Sustained.

6 MS. WILCOX: Thank you, your Honor.

7 BY MR. MILLSAPS:

8 Q. Dr. Neal, my last question: Do you consider 18.7 percent
9 confusion to be a substantial likelihood of confusion?

10 A. No, I do not. I would characterize it as barely above the
11 minimum.

12 MR. MILLSAPS: Thank you.

13 No further questions, your Honor.

14 THE COURT: Just so that I am clear, so the people who
15 run these kind of surveys, as I understand your testimony, have
16 decided among themselves that the cutoff point is 15 percent,
17 right?

18 THE WITNESS: Well, I would probably characterize it
19 as partly driven by the experts and partly driven by courts,
20 because, of course, courts have accepted different numbers.

21 THE COURT: Courts have accepted different numbers,
22 and the question of what the courts have decided is entirely
23 for the Court, not for a witness.

24 THE WITNESS: Yes. That's my understanding.

25 THE COURT: So, going back to what is in your domain,

1 what the experts have chosen, so if the cutoff is 15 percent,
2 and you think that, well, even though this -- if the study had
3 been done properly that would have been above the cutoff, but
4 you say it's not really as good as a higher figure, then why
5 doesn't that cut the other way? If it's 9 percent, as you
6 calculate, while that's below the cutoff, it is still some
7 confusion, not no confusion. True?

8 THE WITNESS: Well, my understanding is that courts
9 and experts have taken the position that every survey has some
10 noise in it. And so you are unlikely to get zero purely
11 because of noise. So a 9 percent figure actually could
12 effectively be zero because it's so small it could just be the
13 product of noise.

14 THE COURT: But in this case, you very helpfully
15 undertook to look at the actual responses so the impact of
16 noise was minimized under your analysis because you got more
17 deeply into the data. Yes?

18 THE WITNESS: That's fair to say.

19 THE COURT: Okay.

20 Go ahead, counsel.

21 CROSS-EXAMINATION

22 BY MS. WILCOX:

23 Q. Good morning, Dr. Neal.

24 A. Nice to see you again.

25 Q. Nice to see you. I last saw you on Zoom a world away.

1 A. Yes.

2 Q. So, to be clear, you did not conduct any survey in this
3 case?

4 A. That's correct. I did not.

5 Q. But you have conducted surveys in the past for others who
6 were sued for trademark infringement?

7 A. I have. There wasn't the budget here to do it. It is my
8 understanding Mr. Rothschild couldn't afford it. Otherwise
9 perhaps I would have.

10 MS. WILCOX: Move to strike, your Honor.

11 THE COURT: Sustained.

12 BY MS. WILCOX:

13 Q. You were retained on August 4, 2022, by the Lex Lumina law
14 firm, represented here by Rhett Millsaps and Chris Sprigman.

15 A. I think that's correct.

16 Q. You issued your rebuttal report seven days later, and you
17 agreed in advance that that would cost \$21,000 no matter what
18 you did with it?

19 A. I wouldn't characterize it quite like that. I think that's
20 the estimate I provided, and that is indeed what I billed.

21 Q. And were you paid for that?

22 A. Yes.

23 Q. Then you billed another \$9,000 to Lex Lumina?

24 A. For the deposition, correct.

25 Q. Were you paid for that?

1 A. Yes, I was.

2 Q. What about Mr. Rothschild's other law firm, Paris St.
3 Laurent & Wechsler? Have you sent any bills to them?

4 A. No, I have not.

5 Q. When you are testifying like here today at trial, what are
6 you being paid?

7 A. Well, my day rate is normally \$4,000 for a trial, but if I
8 am on the stand for not a long period of time, I sometimes
9 charge less.

10 Q. What are you charging now?

11 A. It depends.

12 THE COURT: I think what he's indicated is it depends
13 on how long your cross-examination is.

14 A. If you could drag it out as long as possible, that would be
15 great.

16 Q. I would love to, but we won't in the interest of time.

17 So you testified there are not a lot of people who are
18 buying high-end NFTs. Did I hear you correctly?

19 A. I indicated that it is a difficult sample to recruit for
20 compared to what you commonly do in trademark surveys, you
21 know, where it might be people who buy detergents or people
22 buying a car.

23 Q. Have you ever attempted your own survey of NFT purchasers?

24 A. I have not.

25 Q. And --

1 A. Actually, let me correct that.

2 Q. Okay.

3 A. Sorry. Without disclosing any confidential engagements, I
4 have embarked on some research projects along that line.

5 Q. Have you looked at the range of prices that NFT purchasers
6 paid in this case for MetaBirkins NFTs?

7 A. I have certainly looked at the NFT website. I don't
8 remember analyzing the price range.

9 Q. So you are not aware that the original minters who
10 purchased the first MetaBirkins NFTs paid around \$450 for each?

11 A. No, I didn't know that.

12 Q. And that was in the cryptocurrency Ethereum. Are you
13 familiar with that?

14 A. I am familiar with that.

15 Q. And that cryptocurrency has varied and fluctuated widely in
16 what it translates into in U.S. dollars?

17 A. I am aware of that.

18 Q. You agree that Dr. Isaacson chose the proper survey format
19 in this case, correct?

20 A. He chose the proper survey format, but he didn't implement
21 it properly.

22 Q. I only asked you if he chose it. Could you please answer
23 the question.

24 THE COURT: No, he answered the question fairly.

25 Go ahead. Put another question.

1 BY MS. WILCOX:

2 Q. You claim if someone asks a question in the very first
3 question, for example, No. 1, and it demonstrates they were
4 confused that you are going to start subtracting that
5 respondent as being counted as confused if you determine later
6 in other questions that you don't like their answers?

7 MR. MILLSAPS: Objection.

8 A. No --

9 THE COURT: I think the question is somewhat
10 confusing.

11 MS. WILCOX: We don't want that.

12 THE COURT: Put a new question.

13 BY MS. WILCOX:

14 Q. So let's go back. In fact, this might be more helpful.

15 The respondents were looking at the metabirkins.com
16 web page when they were looking at the test, not the control,
17 but the test.

18 Is that your understanding?

19 A. Correct.

20 Q. And then they were asked a series of questions about who
21 they thought would be responsible for putting out the items
22 shown, is that correct?

23 A. Yes.

24 Q. And whether they thought the items might be sponsored or
25 approved by someone as well?

1 A. Correct.

2 Q. And so you decided to look at the verbatims, as they're
3 called, the actual words each person said in response to each
4 question, is that right?

5 A. Yes.

6 Q. And then you applied your own judgment as to whether or not
7 you thought they were confused?

8 A. No, ma'am.

9 Q. Who did the analysis then?

10 A. I did the analysis. But it was not my own judgment. I
11 applied the exact coding scheme developed in the survey in
12 1975, as clearly documented, and then I believe upheld at the
13 appeals level, which clearly describes the coding method to
14 address this problem of both parties using the same name. So
15 the coding method I used is identical to what is described in
16 the original survey. It was Dr. Isaacson who invented his own
17 method that deviated from that.

18 Q. Well, Dr. Neal, you're testifying that the survey was the
19 appropriate format and it was set up in 1975. Is that when the
20 case --

21 MR. MILLSAPS: Objection. Compound.

22 THE COURT: Well, that's right, but I think she was
23 just trying to move things along.

24 I will allow it. I will break it down.

25 The survey was the appropriate format, yes?

1 THE WITNESS: Yes. Provided it was coded accurately.

2 THE COURT: It was set up in 1975?

3 THE WITNESS: I believe so.

4 THE COURT: Go ahead, counsel.

5 BY MS. WILCOX:

6 Q. Are you aware of any more recent court opinions that follow
7 your view of subtracting respondents?

8 THE COURT: Sustained.

9 BY MS. WILCOX:

10 Q. Are you aware of any more recent court opinions that
11 support the approach you are advocating in this case?

12 A. As -- well, I am not a lawyer, so I don't track court cases
13 per se. What I cited in my report was the most up-to-date
14 scholarly treatise by Jerre Swann, published in 2022, in a book
15 coauthored by Professor Shari Diamond who wrote the Federal
16 Judicial Center's Reference Guide on Survey Research. And
17 Mr. Swan reiterates the necessity of using this coding scheme
18 as enshrined in the original in circumstances like this.

19 (Continued on next page)

20

21

22

23

24

25

1 BY MS. WILCOX:

2 Q. Well, in fact, since you're paraphrasing, let's look at the
3 actual words of Mr. Swann.

4 MS. WILCOX: Mr. Ferrer, could you please pull up Neal
5 Deposition Exhibit 140, and it's page 000145.

6 Q. Dr. Neal, is this the paragraph of the treatise that you
7 were mentioning? If we go to the middle, there are relatively
8 minor wrinkles.

9 A. Yes, that's it.

10 Q. In this case, Jerre Swann is discussing that it was likely
11 necessary in Eveready to differentiate between respondents who
12 were merely pulling back the Eveready label on the lamp from
13 those who believe the lamp was put up by the battery company.
14 He uses the words "likely necessary"; correct?

15 A. He does.

16 Q. He doesn't say "absolutely necessary"?

17 A. Well, he says "likely necessary." It also was the basis of
18 the decision in the *Eveready* case, that is how the data were
19 coded. It's also just plain logic, right, that if you -- and
20 we saw that in the data that I put up. Some people clearly are
21 engaging in this practice of just trying to be helpful --

22 THE COURT: Well, I think you've answered the
23 question.

24 MS. WILCOX: Thank you, your Honor.

25 THE COURT: Put another question.

1 Q. And in that *Eveready* case, there was no control group that
2 was meant to help eliminate noise; is that correct?

3 A. That is correct.

4 Q. And since that time in 1975, the trademark survey community
5 of experts has been following the practice of adding a control
6 group; is that correct?

7 A. Yes, but it doesn't involve this problem.

8 Q. That's your opinion.

9 But among your peers, we know Dr. Isaacson disagrees
10 with you. There is at least one other person, right, who
11 doesn't agree with your interpretation of the *Eveready* format
12 as requiring eliminating this playback; isn't that right?

13 A. Well, I'm sure there are experts that have a variety of
14 opinions. My opinion is anchored in the documented coding of
15 the original *Eveready*, and reaffirmed right here by Jerre Swann
16 in 2022.

17 Q. Now, in the *Eveready* case, wasn't it true that the
18 plaintiff had the trademark *Eveready* and the defendant had the
19 trademark *Ever-Ready*, just spelled with a hyphen between the
20 term, right?

21 A. That's correct.

22 Q. So those words sound absolutely identical; is that right?

23 A. Yes, I believe that's right.

24 Q. So if a respondent answered, I believe *Eveready* puts this
25 out, you wouldn't necessarily know which *Eveready* they were

1 contemplating in answering that question?

2 A. Correct.

3 Q. And in this case, I know you understand that the Birkin
4 trademark that is owned by Hermès the key word mark at issue,
5 Birkin versus MetaBirkins; is that correct?

6 A. Yes, that's my understanding.

7 Q. And Birkin versus the slogan "Not Your Mother's Birkin";
8 correct?

9 A. Correct.

10 Q. Do those words sound absolutely identical to you, like
11 Eveready and Ever-Ready?

12 A. I think they don't, but I think that's missing the point
13 that I was trying to make.

14 Q. Well, thank you for answering my question.

15 You didn't discuss this particular case with Jerre
16 Swann, did you?

17 A. I don't believe so. I have discussed this issue with him
18 previously, but I don't -- no, I did not discuss --

19 Q. He's not here to testify today about his comments about
20 whether this was only likely necessary and Eveready versus your
21 interpretation that it's required?

22 THE COURT: Sustained.

23 Q. When you went and reviewed the actual responses from the
24 interviewees to determine what you thought they were thinking,
25 did you go back to the original interviewees and ask them?

1 You may step down.

2 (Witness excused)

3 THE COURT: Okay. So, ladies and gentlemen, we're
4 going to give you a ten-minute break now, and then we're going
5 to hear the closing arguments of counsel. Each of the counsel
6 has asked for an hour, so that will take us right up to our
7 lunch break at 1 o'clock. Then we'll have our lunch, and then
8 I'll give you my instructions of law, which will take about a
9 half hour. And then the case is yours.

10 So take a ten-minute break.

11 (Jury not present)

12 THE COURT: So I will note for the record that it is
13 generally agreed that one of the greatest novels ever written
14 was *Swann's Way*. But the record will reflect that that was not
15 written by Jerre Swann.

16 Let me have my law clerk pass to counsel the final
17 charge. And you're free -- either counsel is free to refer to
18 it during closing argument.

19 I had forgotten this morning, really we ran out of
20 time. Was there any objection to the verdict form?

21 MS. WILCOX: Your Honor, there was a little bit of
22 cleanup under the trademark infringement *Polaroid* factors that
23 we wanted to bring to your attention.

24 THE COURT: No, no, no, I'm asking about the verdict
25 form.

1 MS. WILCOX: Oh, the verdict form.

2 With your Honor's change in the First Amendment, we
3 had a question about whether we were going to ask for the
4 dilution and cybersquatting claims to be broken out
5 individually under the First Amendment analysis, but I do not
6 believe that is needed any longer.

7 THE COURT: No, given that we've now reduced it to the
8 question of intent, I don't think it matters. So I take it you
9 are otherwise satisfied with the verdict form.

10 MS. WILCOX: Yes, thank you.

11 THE COURT: All right.

12 MR. HARRIS: We have no objection, your Honor.

13 THE COURT: All right.

14 So I'll give you folks -- I'm sorry, yes.

15 MR. HARRIS: Your Honor, I don't know if you're going
16 to get off the bench. I have one issue.

17 THE COURT: That's what I was planning to do, but if
18 you'd rather have the pleasure of my company, I'm at your
19 disposal.

20 MR. HARRIS: I would, your Honor.

21 Your Honor, when we made an agreement with plaintiffs'
22 counsel not to call Mr. Loo to save time, there were two
23 documents that we had intended to put in through Mr. Loo. I do
24 not believe they are controversial documents. One is a press
25 release that Mr. Loo put out regarding MetaBirkins, and the

Factor five, the degree of care.

You will recall that during Mr. Millsaps' opening he talked about Dr. Isaacson's survey. We heard about it again, and you will recall a lot of discussion about the handbag survey.

That's a classic red herring. You are going to see the jury instruction. The question here is not -- you are not going to see anywhere on your jury instruction any question about whether Hermès' customers would be confused. The only question here is whether a potential NFT customer would be confused.

What we know about the NFT marketplace is that it's highly speculative. Mr. Rothschild and his counsel told you about Mr. Rothschild's initial sales here were for \$450.

The original minters of the MetaBirkins then turned around and put many of them right up for sale. As we discussed, those that were sold were these shrouded images. The highest prices for the MetaBirkins -- I know we have seen this, we are going to see a few of these a few times -- the highest prices were during the period when they were shrouded, when customers didn't know which one they were getting.

Potential purchasers were spending tens of thousands of dollars, and until the unveiling they didn't know, were they getting the yellow plain one or were they getting the Mona Lisa? Mr. Rothschild explained to you there is a clear

1 difference. The ones like the Mona Lisa were much more
2 desirable.

3 And we can see the immature nature of this market with
4 Mr. Rothschild's next project. He testified that the minting
5 fee for that project was either 08 or .1 ETH. Let's assume it
6 was .08 ETH. That was about \$390 at the time because Ether was
7 trading at 350. Last night, when I looked, Ether was worth
8 about \$1600 and bids are now about .03 ETH or about \$48.

9 So the "I Like You, You're Weird" project, which we
10 heard so much about, those NFTs are selling for about 12
11 percent of what they minted for. That drop in price provides
12 us with very keen insight into this NFT mark.

13 It is immature, it is highly speculative, and most
14 people don't know how it works, meaning that people are
15 obviously less careful and sophisticated about their purchases.

16 Now let's talk about bad faith.

17 This is unfortunately not a nice discussion. Like
18 you, I saw Mr. Rothschild on the stand. I think he's charming.
19 I think he's funny. I want to like him.

20 Unfortunately, though, we can't always believe what he
21 says. We have to remember that when considering the testimony
22 of Mr. Rothschild at trial, which contradicts what he wrote
23 before the lawsuit, we have to decide which one we believe.

24 We know obviously that Mr. Rothschild was well aware
25 of the Birkin trademark. We also know that Mr. Rothschild's

1 MR. SPRIGMAN: Your Honor, on Friday you mentioned
2 that we will have additional argument on JMOL.

3 THE COURT: This is the moment.

4 MR. SPRIGMAN: It is down to intent, your Honor. You
5 made it clear in instruction No. 14, right or wrong, that this
6 case comes down to Mr. Rothschild's intent. In fact, you set a
7 very high standard for Hermès to establish that intent.

8 That intent is that Hermès must prove that
9 Mr. Rothschild's use of the Birkin mark was not just likely to
10 confuse potential consumers, but was intentionally designed to
11 mislead potential consumers into believing that Hermès was
12 associated with Mr. Rothschild's MetaBirkins project.

13 Now, your Honor, we agreed to that instruction because
14 we understood, we acknowledged based on last Friday's exchange
15 that I had with you and based on the hypothetical that you
16 offered to me that your concern was that someone who is just
17 basically a scammer should not be taking advantage of First
18 Amendment protection to perpetuate a scam.

19 We understand that, your Honor. Right or wrong as a
20 matter ever law, we understand the concern. Based on that
21 concern, and based on the way that you revised your instruction
22 to reflect it, I want to give you three reasons, your Honor,
23 why in my view no rational jury could find on the objective
24 evidence in this case, whether they believe Mr. Rothschild or
25 not, no rational jury could find on the objective evidence in

1 this case that Mr. Rothschild intentionally designed his
2 MetaBirkins project, intentionally designed his use of the
3 Birkin mark or the Birkin trade dress to deceive.

4 Now, I have three points. I think I can make them
5 quickly.

6 At the end, I am going ask you to grant us judgment as
7 a matter of law on all of these claims.

8 First, Mr. Martin, the 30(b)(6) witness for this
9 client, has admitted on the stand that there are no explicit
10 statements ever made by Mr. Rothschild inviting people to
11 believe, to conclude that Hermès was connected with the
12 MetaBirkins art project, no explicit statements in public, no
13 explicit statements in private. None.

14 Now, that is very important, your Honor, because the
15 *Rogers* case, whether we agree on it or not -- and I can talk to
16 you, your Honor, about that. I have done a lot more thinking
17 over the weekend. I think I have additional things I can tell
18 you about that, but forget it.

19 Whatever we think about the precise meaning of *Rogers*
20 and its relationship with *Twin Peaks*, those cases are clear
21 that the statements must be, the use of the mark must be
22 explicitly misleading.

23 The fact that there are no explicit statements in this
24 case where Mr. Rothschild went out to the people or even his
25 private contacts and said that his project has anything to do

1 with Hermès other than referencing Hermès, commenting on
2 Hermès, that we think, your Honor, should be dispositive.

3 But that is not all.

4 Mr. Rothschild put his name on this project everywhere
5 he could. The evidence is clear, the objective evidence. They
6 don't have to believe everything he said. They can look at the
7 MetaBirkins website, they can look at the Rarible auction site.
8 Any auction site where he could put his name on it, he did.

9 Mr. Rothschild is the artist. He wanted people to
10 know that. He was proud of it.

11 Mr. Millsaps said that, Mr. Harris said that. It
12 reflects the objective evidence in this case. Mr. Rothschild
13 was talking with tens of thousands of people on his public
14 publicly available, publicly viewable Discord channel for
15 MetaBirkins. Never once did he say to anyone, those are the
16 people who are buying this NFT, those are the people who are in
17 the community that he assembled, around this artwork, never
18 once did he say to them that this artwork was anything other
19 than his work that had any connection whatsoever with Hermès.

20 Mr. Martin admitted that. There is objective evidence
21 in this case that supports that. There is no objective
22 evidence in this case that goes against that. That's point
23 number one.

24 Point number two, every mistake that was made by a
25 newspaper, right, got corrected either by Mr. Rothschild or by

1 confuses. And because he is drawing pictures, the First
2 Amendment raises the bar, as your Honor has recognized,
3 further. His intent must be that he designed the use of the
4 mark to confuse; that he went out there and he did this on
5 purpose; that that was his design.

6 Your Honor, I told you all these aspects of the entire
7 episode that we've been concerned with, objective aspects, not
8 having to do with Mr. Rothschild's testimony, but things that
9 are verifiable in the world just by looking at the MetaBirkins
10 website, by looking at the auction sites, by looking at the
11 prices, by looking at his communications with others that show
12 you, your Honor, that he did not go out to confuse anyone.

13 And I will just end with this: You know a tree by its
14 fruits, okay. What were the fruits here? Very little, if any,
15 confusion. A few reporters asked some questions. A few press
16 outlets, out of all the ones that wrote about this, got it
17 wrong.

18 Dr. Isaacson got up there and gave an account of a
19 survey that, with respect, Dr. Neal took apart piece by piece.
20 At the end of the day, they have failed, even under the
21 ordinary standards, to show confusion. But they have certainly
22 failed to show confusion out in the world at a level that would
23 support an inference that Mr. Rothschild intended to do the
24 thing that you are requiring the jury to find that he did,
25 which is that he designed this thing intentionally to confuse

1 people. You know, if he'd done that, then he's done a very,
2 very bad job.

3 I think at the end of the day, your Honor, all this
4 evidence points in the same direction. It points toward you
5 granting a JMOL on all these claims. Thank you.

6 THE COURT: Well, I am second to none in my admiration
7 for the eloquence of counsel for both sides.

8 I purposely held off ruling on this motion till I
9 heard summations from both sides, because, as I expected, that
10 was the occasion for counsel to draw my attention, as well as
11 the jury's, to specific items of evidence in this case. And
12 it's very important because the First Amendment issue in this
13 case came down, as I've already indicated earlier today, to a
14 question of the defendant's intent. I say that because
15 recognizing the importance of the First Amendment issue in this
16 case, I made determinations in defendant's favor that might
17 arguably have been avoided.

18 For example, even though I think there is a
19 nonfrivolous argument that the defendant was not making use of
20 the MetaBirkins -- excuse me, of the Birkins mark or the
21 Birkins design for artistic purposes and, therefore, would not
22 satisfy the first prong of the *Rogers* test, I concluded in the
23 end that there was at least an element of artistry involved
24 from the outset and so instructed the jury.

25 Similarly, even though I think there is an argument

1 that the use of the term "MetaBirkins" in the website and
2 throughout was explicitly misleading on its face and,
3 therefore, would satisfy the other prong of *Rogers*, I concluded
4 in the end that that was not a question that should go to the
5 jury in those terms because of the breadth that must be given
6 to artistic expression and constitutionally protected rights
7 under the First Amendment.

8 But I think now defense counsel goes too far in
9 suggesting that no rational juror could find for plaintiff. In
10 the end, I found that Mr. Rothschild would be entitled to his
11 First Amendment protection unless plaintiff could prove that
12 his intent was to deceive the persons to whom he was
13 advertising his product and make them believe that it was an
14 Hermès product. And if he did that, as I have already
15 indicated, and I think implicitly both counsel have agreed,
16 then he forfeited the First Amendment protection to which he
17 otherwise might be entitled.

18 Notwithstanding the excellent arguments just made by
19 defense counsel, I think there is ample evidence from which a
20 jury could conclude that Mr. Rothschild is a classic conman;
21 it's just that he's not yet gotten good enough to avoid, for
22 example, revealing what's really in his heart in emails that he
23 believes are private at the time. But, nevertheless, there is
24 ample evidence from which a rational juror could, if they wish
25 – and there's certainly contrary evidence as well – conclude

1 that he set out or very early came to the conclusion that he
2 could fool people into believing that his product and his site
3 and his NFTs were sponsored by Hermès. And at that point, if
4 the jury were to so conclude, that's the end of what remains of
5 the First Amendment argument, notwithstanding the many respects
6 in which I have leaned over in favor of that argument as
7 reflected in my charge.

8 I think as to the elements of confusion and so forth,
9 it's not even a close question. There is plenty of evidence on
10 both sides, and the jury will have to make the classic jury
11 analysis through a multifactor test. The very nature of these
12 multifactor tests in the various substantive counts illustrates
13 how it is the intention of the courts to leave these matters
14 largely to the collective wisdom of a jury.

15 When you have seven, eight *Polaroid* factors and the
16 jury is instructed, as the law requires, that, number one, they
17 can weigh them as ever they choose; number two, none of them is
18 dispositive; number three, they can also take into account any
19 other factor they find relevant, that is the kind of law that
20 says, We the people of the United States believe in our jury
21 system and we're leaving that balancing to the voice of a
22 community as reflected in citizens good and true who come here
23 and serve on juries. And I think that's equally true of every
24 issue in this case.

25 The three substantive counts are all multifactor

1 tests. The First Amendment, even after my rulings in favor of
2 the defense on so many aspects of the *Rogers* test, still leaves
3 open the question, which is a classic jury question: What was
4 really in the heart and mind of this defendant? And the laws
5 of the United States in 100 different situations leaves that
6 question to jurors.

7 I do think – and I'm not sure the Supreme Court is
8 going to agree – in the *Jack Daniels* case that there are very
9 important First Amendment protections here that must be
10 safeguarded. And that is because not just the letter of the
11 First Amendment, but the spirit of the First Amendment.
12 Artists in so many respects are commentators on our society and
13 that has been part of their historic role. That's not the only
14 role they play. There are portrait artists who have a
15 different aspect and they are equally artists.

16 But it is critical that we leave room for social
17 commentary, whether it comes verbally or in the form of art,
18 and make sure that is not easily defeated. But none of that
19 applies to a swindler, a fraudster who makes one pretense or
20 another, but reveals in his emails and his behavior what is
21 really in his heart, which is to cheat people. And I think the
22 jury here could find either possibility, but certainly could
23 find that Mr. Rothschild fit that pattern.

24 So the motion, the Rule 50 motion of the defense and
25 also, while I'm at it, the Rule 50 motion of the plaintiff, is

1 denied. And we will leave it to the jury to make their
2 decision. Thanks very much.

3 (Recess pending verdict)

4 THE COURT: All right. We have a note from the jury
5 which we've marked as Jury Note No. 1. It says: We need the
6 cease and desist letter please, and corresponding materials of
7 back and forth. And then it says C-O-M-M-S, which I think
8 means communications.

9 So my understanding is they already have the cease and
10 desist letter. What is the number?

11 MR. WARSHAVSKY: It's No. 20, your Honor.

12 THE COURT: Plaintiffs' 20?

13 MR. WARSHAVSKY: Yes. And Plaintiffs' 21 is the
14 response. And that's all in the record.

15 THE COURT: All right.

16 MR. MILLSAPS: Your Honor, there is testimony in the
17 record about this, if they are asking for materials on
18 communications --

19 THE COURT: No, they say and -- it's a little
20 ambiguous. Here's what I suggest: Since it's already 4:18,
21 that we send them a note which I'll dictate in a moment to
22 myself, telling them of the two exhibits and asking them to
23 specify what else they want and we will have it for them first
24 thing tomorrow. They can get it back to us before 4:30.

25 So let me try that. Hold on.